

Message Text

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C O N F I D E N T I A L ASUNCION 0403

E.O. 11652: GDS

TAGS: PFOR, PINT, ECON, PA

SUBJ: US-PARAGUAY RELATIONY: PROSPECTS FOR 1976

SUMMARY: ALTHOUGH IN PARAGUAYAN EYES OUR IMAGE AS WORLD LEADER HAS BEEN SOMEWHAT TARNISHED BY US INTERNAL SQUABBLING AND FOREIGN POLICY REVERSES, WE SHOULD CONTINUE TO ENJOY A GOOD STANDING WITH THE GOP. THE GOP WILL CONTINUE TO SUPPORT US ON MOST INTERNATIONAL ISSUES, BUT WITH THE CHANGING WORLD SCENE, THEIR VOTES ON CERTAIN QUESTIONS MAY BE MORE DIFFICULT TO SECURE THAN IN THE PAST. WE ANTICIPATE NO CHANGES IN ECONOMIC RELATIONS, AND BARRING A CRISIS OVER NARCOTICS OR HUMAN RIGHTS, EXPECT US-PARAGUAY RELATIONS TO CONTINUE THEIR SMOOTH SOURCE IN 1976. END SUMMARY

1. THE EVEN TENOR OF US-PARAGUAYAN RELATIONS IS EXPECTED TO CONTINUE THROUGH THE COMING YEAR. THERE IS NO BASIS FOR ANTICIPATING ANY MARKED SHIFT IN PARAGUAYAN FOREIGN POLICY; ALL POLICIES ARE SET BY PRESIDENT STORESSNER, WHOSE
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REGIME HAS BEEN CHARACTERIZED BY CONSISTENCY OF POLICY, EVEN

TO THE POINT OF INFLEXIBILITY.

2. PARAGUAY'S STAUNCH ANTI-COMMUNIST ORIENTATION AND DIS-
TASTE FOR THE THIRD WORLD MOVEMENT IN GENERAL AND LEFTIST
REGIMES IN PARTICULAR PREDISPOSE THE GOP TO SIDE WITH THE
US ON MANY INTERNATIONAL ISSUES, ESPECIALLY WHERE WE ARE AT
ODDS WITH THE COMMUNIST WORLD. HOWEVER, WITH THE GENERAL
ACCEPTANCE OF THE PRC IN THE INTERNATIONAL COMMUNITY AND THE
FALL OF INDOCHINA, THE SITUATIONS WHERE PARAGUAY'S VOTE WAS
SO PRIZED BY US--AND WHERE WE COULD ALMOST AUTOMATICALLY
COUNT ON PARAGUAY'S SUPPORT--ARE NOT NEARLY SO NUMEROUS
AS THEY USED TO BE. (KOREA SEEMS THE ONLY ISSUE LEFT IN THIS
CATEGORY.) ON MIDDLE EAST QUESTIONS, ANOTHER AREA OF PRIME
IMPORTANCE TO THE US, THERE IS EVIDENCE THAT LONG-STANDING
GOP SUPPORT FOR ISRAEL MAY BE WAVERING. PARAGUAY'S ABSENCE DURING
THE VOTE ON THE ZIONIST RESOLUTION AT THE LAST UNGA REPORTEDLY
WAS RELATED TO A NEW DESIRE NOT TO GIVE OFFENSE TO THE OIL-RICH
ARAB STATES, IN HOPES SOME MAY BE WILLING TO CONSIDER INVESTING
IN PARAGUAYAN DEVELOPMENT SCHEMES.

3. THE IMAGE OF THE UNITED STATES AS THE POWERFUL LEADER IN THE
STRUGGLE AGAINST THE ADVANCE OF WORLD COMMUNISM (A PARAGUAYAN
OBSESSION) LATELY HAS BECOME SOMEWHAT TARNISHED IN PARAGUAYAN
EYES, A CASUALTY OF RECENT HISTORY. THE COLLAPSE OF THE
US EFFORT IN INDOCHINA, THE SCANDALS OF THE NIXON ADMINIS-
TRATION, THE REPEATED STRUGGLES BETWEEN CONGRESS AND THE
EXECUTIVE BRANCH, ATTACKS AGAINST THE CIA AND OTHER EVI-
DENCE OF INTERNAL WEAKNESS HAVE RAISED DOUBTS IN THE GOP'S
MIND OVER THE CAPACITY AND WILLINGNESS OF THE US TO SUSTAIN
ITS POSITION AS LEADER OF THE NON-COMMUNIST WORLD. US
EFFORTS TO NORMALIZE RELATIONS WITH THE PRC, THE POLICY OF
DETENTE TOWARDS THE USSR, AND THE PROSPECT OF A WARMING
TREND IN RELATIONS WITH CUBA ARE ALL INTERPRETED BY
PARAGUAYANS AS SINS OF WEAKNESS.

4. THESE DEVELOPMENTS ARE TAKING PLACE AT A TIME WHEN
PARAGUAY IS COMING INCREASINGLY UNDER BRAZILIAN INFLUENCE
ECONOMICALLY. BRAZIL AS YET HAS REFRAINED FROM TRYING TO
TRANSLATE ITS NEW INFLUENCE INTO POLITICAL PRESSURE FOR
FEAR OF JEOPARDIZING PARAGUAYAN COOPERATION ON THE MAMMOTH
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ITAIPU HYDROELECTRIC PROJECT, BUT IN THE FUTURE WE SHOULD
EXPECT A MORE ACTIVE BRAZILIAN DIPLOMACY HERE, POSSIBLY
TO THE DETRIMENT OF OUR OWN INTERESTS IN INTERNATIONAL FORA.

5. WE EXPECT NO SIGNIFICANT INCREASE IN THE SMALL AMOUNT
OF US INVESTMENT IN PARAGUAY WHICH CURRENTLY TOTALS ABOUT
\$28 MILLION. ALTHOUGH BILATERAL TRADE BETWEEN PARAGUAY
AND THE US IN TRADITIONAL COMMODITIES IS LIKELY TO REMAIN

AT THE CURRENT MODEST LEVEL OF \$30 MILLION IN IMPORTS AND EXPORTS, WE SEE VERY SIGNIFICANT NEW OPPORTUNITIES FOR US COMPANIES TO SUPPLY MATERIAL AND SERVICES TO THE MULTI-BILLION DOLLAR HYDROELECTRIC PROJECTS IN WHICH PARAGUAY IS INVOLVED.

6. THOUGH THE POSSIBILITIES FOR BILATERAL FRICTION ARE LIMITED, THE AREAS OF NARCOTICS AND HUMAN RIGHTS HAVE THE POTENTIAL FOR CAUSING A SUDDEN AND SERIOUS DISRUPTION OF OUR RELATIONS. PERSISTENT REPORTS OF RESUMPTION OF LARGE-SCALE HEROIN TRAFFICKING THROUGH PARAGUAY TO THE UNITED STATES, IF VERIFIED, COULD BRING US INTO SERIOUS CONFRONTATION WITH THE GOP. SIMILARLY, CHARGES AGAINST PARAGUAY REGARDING HUMAN RIGHTS VIOLATIONS, PARTICULARLY THE ALLEGED MISTREATMENT OF SUSPECTED COMMUNIST SUBVERSIVES, COULD CAUSE UNFAVORABLE PUBLICITY IN THE US AND CREATE PRESSURES FOR USG SANCTIONS.

7. BARRING ANY DEVELOPMENTS SUCH AS REFERRED TO ABOVE, WE SEE CONTINUED SMOOTH RELATIONS FOR 1976.

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